

July 14, 2003

The Honorable David A. Bell
Clerk of the Circuit Court
County of Arlington

County Board of Supervisors
County of Arlington

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Arlington for the period April 1, 2002 through March 31, 2003.

Our primary objectives were to test the accuracy of financial transactions recorded on the Court's financial management system; evaluate the Court's internal controls; and test its compliance with significant state laws, regulations, and policies. However, our audit was more limited than would be necessary to provide assurance on the internal controls or on overall compliance with applicable laws, regulations, and policies.

The results of our tests found the Court properly stated, in all material respects, the amounts recorded and reported in the financial management system. However, we noted a weakness in internal controls and noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

Improve Bank Reconciliation Process

The Clerk did not resolve all the reconciling differences between the automated accounting system and the bank statement for the last seven months of the audit period. We noted unresolved differences totaling over \$250 dating back to August 2002. We also noted that there was no evidence of supervisory review of monthly reconciliations for the seven month period.

Proper monthly bank reconciliations are an important internal control measure. The Clerk should identify and resolve all discrepancies between the bank statement, the checkbook and the system balances timely as they become more difficult to resolve over time. Unresolved differences also increase the risk that errors or improprieties could go undetected.

The Clerk should immediately implement stronger controls over the reconciliation of his official bank account. The Clerk should not consider the bank reconciliation complete until the adjusted bank balance, the adjusted checkbook balance and the accounting system agree. The

Clerk should also ensure that a second knowledgeable staff person reviews monthly reconciliations for accuracy and completeness, and that both the preparer and reviewer sign and date the reconciliation.

Properly Establish and Document Due Dates

As noted in our previous audit, court staff routinely alter individual accounts receivable due dates without appropriate documentation. Absent a court order, fines and costs stemming from criminal convictions are normally due within fifteen days of sentencing. However, Section 19.2-354 of the Code of Virginia provides that defendants who are unable to pay within the fifteen day period may enter into installment or deferred payment agreements.

The Clerk should implement procedures to ensure that court staff do not change due dates without a court order or a signed payment agreement in accordance with the Code of Virginia.

We discussed these comments with the Clerk on July 14, 2003 and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:whb

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Bruce Haynes, Executive Secretary
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